

GOVERNMENT OF THE DISTRICT OF COLUMBIA
D.C. Department of Human Resources

District Personnel Manual Issuance System

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DPM Chapter(s) **26A**

DPM Instruction No. 26A-7

SUBJECT: Implementation of the Policies Relating to
the Elimination of the Annuity Offset and
Reemployment of District Government-
Civil Service Retirement System (CSRS)
Retirees (Annuitants)

Date: February 26, 2008

1. Purpose

The purpose of this District Personnel Manual (DPM) instruction is to establish the policies necessary to implement the elimination of the annuity offset previously applicable to certain District government-Civil Service Retirement System (CSRS) retirees reemployed with the District government.

2. Statutory Authority

- a. The District Government Reemployed Annuitant Offset Elimination Amendment Act of 2004 (the "Offset Act"), effective December 7, 2004 (D.C. Law 15-207; D.C. Official Code § 1-611.03 (b)) (2006 Repl.); and
- b. Section 807 of the Consolidated Appropriations Act of 2008, approved on December 26, 2007 (Pub. L. No. 110-161, 121 Stat. 1844 (2007)).

3. Elimination of the Annuity Offset for District Government-CSRS Reemployed Annuitants

- a. The Offset Act, effective **December 7, 2004**, eliminated the annuity offset applicable to District government-CSRS retirees reemployed with the District government. Upon the approval of Pub. L. No. 110-161 on **December 26, 2007**, the elimination of the annuity offset pursuant to the Offset Act took full effect.
- b. Section 807 of Pub. L. No. 110-161 reads as follows:

*"Notwithstanding **section 8344 (a) of title 5, United States Code**, the amendment made by section 2 of the District Government Reemployed Annuitant Offset*

Note: DPM instructions that are strictly procedural in nature have direct applicability only to agencies and employees under the personnel authority of the Mayor. Other personnel authorities or independent agencies may adopt any or all of these procedures or guidance materials for agencies and employees under their respective jurisdictions. [See DPM Chapter 2, Part II, Subpart 1, § 1.3]

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Distribution: Heads of Departments and Agencies, HR Advisors, and DPM Subscribers

Retain Until Superseded

*Elimination Amendment Act of 2004 (D.C. Law 15-207) **shall apply** with respect to **any individual employed in an appointive or elective position with the District of Columbia government after December 7, 2004.*** [Emphasis added.]

4. Application and Impact of the Elimination of the Annuity Offset Pursuant to the Offset Act and Pub. L. No. 110-161

District Government-CSRS Retirees (Annuitants)
Reemployed after December 7, 2004:

- In accordance with the Offset Act and Pub. L. No. 110-161, the annuity offset no longer applies to individuals who retired from the District government under the CSRS and have been or will be reemployed with the District government **after December 7, 2004.** This means that, upon reemployment, the individual:

(1) Will continue to receive his or her CSRS annuity (pension), and will receive the full salary for the position he or she occupies with the District government, without an offset; and

(2) Cannot use any period of reemployment with the District government as basis for a **supplemental or recomputed CSRS annuity.*

**Note:* Under 5 U.S.C., CSRS reemployed annuitants are eligible to receive a *supplemental annuity* upon retiring after a period of reemployment consisting of at least 1 year of continuous full-time service (or part-time service equivalent to 1 year of full-time service). If they complete at least 5 years of continuous full-time service (or part-time service equivalent to 5 years of full-time service), they may elect to have their entire annuity *recomputed*.

- The D.C. Department of Human Resources (DCHR) will contact District government-CSRS retirees (annuitants) currently subject to the offset who were reemployed with the District government during the period beginning after December 7, 2004 and the date of this instruction, to officially notify them of the elimination of the offset; and to inform this group of employees of their options.

Current District Government-CSRS Retirees (Annuitants)
Reemployed before December 7, 2004:

- In accordance with the Offset Act and Pub. L. No. 110-161, the annuity offset still applies to individuals who retired from the District government under the CSRS, were reemployed by the District government **before December 7, 2004,** are presently employed, and have been continuously employed with the District government during the entire period.

5. Benefits Eligibility of District Government-CSRS Retirees (Annuitants) Reemployed with the District Government after December 7, 2004

Retirement Benefits:

- District government-CSRS retirees (annuitants) are not eligible to participate in the District of Columbia Retirement Benefits Program (*401 (a) Plan*) upon reemployment –

The reason is that D.C. Official Code § 1-626.03 (2006 Repl.) **limits* eligibility for District retirement benefits to *employees first employed [by the District government] after September 30, 1987*.

**Note:* The rationale for the limitation is that, as retirees, these individuals cannot “go back” into the CSRS. Additionally, the District government will only contribute to 1 retirement plan for its employees.

***Note:* The term “*first employed*” is used in its literal sense, that is: (1) An individual who was employed with the District government prior to October 1, 1987, in a position subject to CSRS coverage, who subsequently terminates such employment and becomes reemployed with the District government on or after October 1, 1987 in a position subject to retirement benefits would be covered by the CSRS upon reemployment; and (2) A District government-CSRS retiree (annuitant) is considered to have been “*first employed*” *[by the District government]* prior to October 1, 1987.

Health and Life Insurance Benefits:

- District government-CSRS retirees (annuitants) are not eligible to receive health/life insurance benefits upon reemployment –

The reason is that D.C. Official Code §§ 1-621.02 and 1-622.03 (2006 Repl.) **limit* eligibility for these benefits to *all employees of the District government first employed after September 30, 1987*.

Deferred Compensation Plan:

Upon reemployment, a District government-CSRS annuitant may participate in the Deferred Compensation Plan under § 457 (b) of the Internal Revenue Code.

*Annual Leave Accrual:

- For the first 3 years after reemployment, the District government-CSRS retiree (annuitant) will accrue 4 hours of annual leave for each full biweekly pay period; he or she will progress to a 6-hour annual leave accrual category with 3 years of continuous service but less than 15; and to an 8-hour annual leave accrual category with 15 or more years of service, as applicable.

**Note:* This policy decision will also apply to all federal government-CSRS retirees (annuitants) first employed with the District government after the date of this instruction.

Social Security and Medicare Deductions:

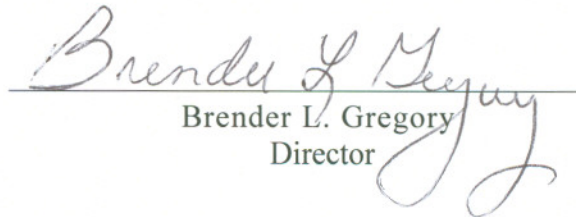
- Social Security and Medicare deductions will be withheld on the salary of District government-CSRS retirees (annuitants) reemployed with the District government.

6. Employment Status Determinations Relating to CSRS Retirees Currently Serving under Intermittent or When-Actually-Employed (WAE) Appointments

- a. Before the enactment of the Offset Act and Pub. L. No. 110-161 eliminating the annuity offset, it had been the practice of the District government to reemploy District government-CSRS retirees (annuitants) under *WAE appointments* with no salary offset.
- b. Now that the annuity offset has been eliminated, and as a matter of equity to these employees, determinations on the employment status for these employees will be made by the employing agency and the DCHR on a case-by-case basis.

7. Effective Date

This instruction is effective immediately.


Brender L. Gregory
Director

Attachments:

- *Quick Reference Chart – District Government-CSRS Retirees (Annuitants) Reemployed with the District Government (February 2008)*
- *Q & A – Impact of the Elimination of the Annuity Offset and Reemployment of District Government-Civil Service Retirement System (CSRS) Retirees (Annuitants)*

DISTRICT GOVERNMENT–CSRS RETIREES (ANNUITANTS) REEMPLOYED WITH THE DISTRICT GOVERNMENT

<i>Annuity Offset</i>	<p>No longer applicable for District government-CSRS retirees reemployed with the District government <u>after</u> December 7, 2004. The annuity offset <u>will continue</u> if the individual was reemployed with the District government <u>before</u> December 7, 2004.</p> <p>[See D.C. Official Code § 1-611.03 (b) (2006 Repl.); and section 807 of the Consolidated Appropriations Act of 2008, approved December 26, 2007 (Pub. L. No. 110-161)]</p>
<i>Eligibility to Participate in the District of Columbia Retirement Benefits Program (401 (a) Plan)</i>	<p>Ineligible. By law, eligibility to participate is limited to individuals “<i>first employed</i>” with the District government <u>after</u> September 30, 1987.</p> <p>[See D.C. Official Code § 1-626.03 (2006 Repl.)]</p>
<i>Eligibility to Participate in the District Health/Life Insurance Benefits Programs</i>	<p>Ineligible. By law, eligibility to participate is limited to individuals “<i>first employed</i>” with the District government <u>after</u> September 30, 1987.</p> <p>[See D.C. Official Code §§ 1-621.02 and 1-622.03 (2006 Repl.)]</p>
<i>Eligibility to Participate in the Employee Deferred Compensation Plan (§ 457 of the Internal Revenue Code)</i>	<p>Eligible to participate upon reemployment.</p>
<i>Annual Leave Accrual</i>	<p>Annual Leave Accrual Category:</p> <ul style="list-style-type: none"> • Upon reemployment and for the first 3 years of continuous service after reemployment: <u>4 hours</u> of annual leave for each full pay period • Three (3) years of continuous service after reemployment but less than 15: <u>6 hours</u> of annual leave for each full pay period • Fifteen (15) or more years of continuous service after reemployment: <u>8 hours</u> of annual leave for each full pay period
<i>Social Security/Medicare Withholdings</i>	<p>Upon reemployment, Social Security and Medicare deductions will be withheld on <u>the</u> salary.</p>
<i>Hiring Authority</i>	<p>Determined by the type of service for the position.</p>
<i>Employment Status of District Government-CSRS Retirees Currently Serving under WAE Appointments (No Annuity Offset)</i>	<p>Any changes in the employment status will be determined by the employing agency and personnel authority on a case-by-case basis.</p>

GOVERNMENT OF THE DISTRICT OF COLUMBIA
D.C. Department of Human Resources



*Elimination of the Annuity Offset and
Reemployment of District Government-Civil Service
Retirement System (CSRS) Retirees (Annuitants)*



Q1. What is an annuity offset?

- A. An annuity offset is a salary reduction in the amount of the annuity (pension) of an individual reemployed after retiring under the CSRS. In other words, the individual's salary is reduced by the amount of the CSRS annuity (pension). For example:

Jane Doe's Annual Salary upon Reemployment:	\$60,000
Amount of Jane Doe's CSRS Annuity (Pension):	<u>\$30,000</u>
Amount of Jane Doe's Annuity Offset:	\$30,000

Q2. What was the purpose of the "District Government Reemployed Annuitant Offset Elimination Amendment Act of 2004" (D.C. Law 15-207) and of section 807 of the "Consolidated Appropriations Act of 2008" (Pub. L. No. 110-161)?

- A. The purpose of D.C. Law 15-207, effective **December 7, 2004**, was to eliminate the annuity offset applicable to District government-CSRS annuitants/retirees reemployed with the District government after December 7, 2004.

However, because D.C. Law 15-207 did not amend the CSRS annuity offset provisions in Chapter 83 of Title 5 of the United States Code (U.S.C.), which apply to the District government, its provisions were not sufficient to "remove" District government-CSRS reemployed annuitants from the annuity offset requirement in 5 U.S.C. § 8334 (a). Upon the approval of Pub. L. No. 110-161 on December 26, 2007, the elimination of the annuity offset under D.C. Law 15-207 took full effect.

Q3. I retired from the District government under the CSRS on May 15, 2002. I competed and have been selected for a Management Supervisory Service position, and my entrance-on-duty-date is March 3, 2008. Will I be considered a reemployed annuitant?

- A. No, you will not be considered a reemployed annuitant, and your salary upon reemployment will not be subject to the annuity offset.

Q4. I retired from the District government under the CSRS on December 31, 2000. I competed and have been selected for a Career Service position, and my entrance-on-duty-date is March 3, 2008. Will I be eligible to participate in the District of Columbia Retirement Benefits Program (401 (a) Plan) upon reemployment? Will I be eligible for District health/life insurance benefits? Will I be required to serve a probationary period? Will I accrue 8 hours of annual leave per pay period?

A. No, you will not be eligible to participate in the 401 (a) Plan upon reemployment, because D.C. Official Code § 1-626.03 (2006 Repl.) limits eligibility for the 401 (a) Plan to employees "first employed" [with the District government] after September 30, 1987. The District government will only contribute to 1 retirement plan for its employees.

No, you will not be eligible for District health/life insurance benefits, because D.C. Official Code §§ 1-621.02 and 1-622.03 (2006 Repl.) limit eligibility for District health/life insurance benefits to all employees of the District government "first employed" after September 30, 1987.

Yes, you will be required to serve a probationary period upon reemployment.

For the first 3 years of reemployment you will accrue 4 hours of annual leave per full biweekly pay period.

Q5. I retired from the District government under the CSRS on January 3, 2003, and was reemployed [non-competitively] under an Intermittent or When-Actually-Employed (WAE) appointment, on September 30, 2004. My salary is not being offset and, because I am serving under a temporary appointment, I am not eligible for health/life insurance benefits.

Now that the annuity offset has been eliminated, must I continue serving under the WAE appointment? What are my options?

A. Determinations concerning changes in the employment status of District government-CSRS reemployed annuitants currently serving under WAE appointments will be made by the D.C. Department of Human Resources and the employing agency on a case-by-case basis.

Q6. I retired from the District government under the CSRS on January 3, 2003, and was reemployed as an annuitant under a Career Service appointment effective January 3, 2005. My

salary is currently being offset. Now that the annuity offset has been eliminated, shouldn't I receive my full salary?

- A. Yes. Because Pub. L. No. 110-161 provides that the annuity offset elimination provision of D.C. Law 15-207 applies with respect to any CSRS retiree reemployed with the District government after December 7, 2004, and you were reemployed with the District government after that date, you may now receive your full salary without offset, unless you had planned to work for at least 5 years (full-time) in order to have your entire CSRS annuity recomputed.

Q7. I retired from the District government under the CSRS on March 1, 1997, and was reemployed as an annuitant under a Career Service appointment effective September 1, 2002. My salary is currently being offset. Now that the annuity offset has been eliminated, shouldn't I receive my full salary?

- A. No. Because Pub. L. No. 110-161 provides that the annuity offset elimination provision of D.C. Law 15-207 applies with respect to any CSRS retiree reemployed with the District government after December 7, 2004, and because you were reemployed with the District government before that date, your salary is still subject to the offset. However, if you were reemployed with the District government at a later time [after a break in service] your salary would not be subject to the offset.

Q8. I retired from the District government under the CSRS on August 1, 2001. I competed and have been selected for a Career Service position, and my entrance-on-duty-date is March 3, 2008.

I have been informed that I will accrue 4 hours of annual leave per biweekly pay period upon reemployment. However, my neighbor, a federal government-CSRS retiree employed by the District government on February 1, 2004, currently accrues 8 hours of annual leave per biweekly pay period. How do you explain the discrepancy?

- A. As you may be aware, the annuity offset applicable to federal government-CSRS retirees (annuitants) employed with the District government was eliminated in the early 1990s. Thus, a federal government-CSRS retiree "*first employed*" with the District government after September 30, 1987 receives his or her full CSRS annuity (pension), the full-salary of his or her position with the District government, and is eligible to participate in the 401 (a) Plan and receive District health/life insurance benefits. Additionally, it had been the practice of the District government to allow this group of employees to accrue 8 hours of annual leave per biweekly pay period upon employment with the District government.

However, a policy determination has been made to discontinue the practice of placing CSRS-retirees (District and federal) in the 8-hour annual leave accrual category upon employment [*federal-CSRS retirees*] or reemployment [*District government-CSRS retirees*] with the District government. The rationale for this determination is that these retirees are already reaping the benefit for their years of District/federal service in the form of their annuity (pension), and that same “service” shall not be used to boost their leave accrual category.